

Russian Laser Arms Could Hit Satellites, U.S. Experts Believe

Protesters Urged to Disarm

Kwangju Quiet as Seoul Accepts Some Demands

By Richard Burr

WASHINGTON, May 22 (NYT)—Intelligence officials here said today that the Soviet Union has developed a laser weapon that could be used to destroy orbiting satellites.

Officials said the weapon was sent to President Carter last week, also reports that the U.S. is working on an anti-laser weapon that could be deployed in space as early as 1980.

It is said to have been developed by the Soviet Union because the United States has become dependent on satellites for communications and intelligence.

U.S. experts say China's satellite situation has weakened in the last year. Story.

Love Canal resident Joanne Haile holds up T-shirt at a community meeting Wednesday. Printed matter refers to company that dumped toxic wastes at the Niagara Falls, N.Y., site in early 1980s.

SEATTLE, May 22 — In a shaky truce halting four days of riots, authorities today accepted several demands by demonstrators who have taken over the provincial capital of Kwangju in a bloody anti-government revolt.

Student leaders called on rioters to lay down their arms captured in the rampage that gripped the city, South Korea's fourth largest, with a population of 800,000.

In a nationally broadcast speech, newly appointed acting Premier Park Chung Hee said the government would live up to a timetable that calls for constitutional amendments by the end of the year, elections in the spring and the handover of power to a new government by the summer.

Mr. Park blamed a number of "impure elements," meaning Communists, for triggering the disturbances. Kwangju was relatively quiet today for the first time since Sunday, when clashes between paratroopers and demonstrators broke out.

Rebellious citizens controlled the city today, after forcing government troops to withdraw, and demanded concessions from the martial law command they had battled through four violent days.

A group of 15 representatives of the Kwangju demonstrators met with the officials today and later a citizens' spokesman said some of their demands had been agreed to while others had been "noted" or "understood."

A new citizens' committee insisted that troops stay out of the city and said the central government must compensate families of the dead and wounded and promise to refrain from retaliation.

Earlier in the day, Mr. Park promised that "maximum patience" would be used in the city.

Although violence subsided today, the toll of dead and injured continued to mount. Reports on the number of deaths varied from 24 to as high as 61.

Kwangju, in southwestern South Korea, has been in violent protest since Sunday night against the country's takeover by military leaders last weekend, a bloodless coup followed by arrests of key political leaders and many prominent dissidents.

Among those arrested was opposition leader Kim Dae Jung, who comes from the province in which Kwangju is located, and much of the anger of citizens is traced to the government's treatment of a favorite son.

The martial law command released an interim investigative report charging the former presidential candidate with trying to organize a people's uprising to overthrow the government.

It accused him and associates of giving large sums of money to students who organized last week's demonstrations in Seoul, hoping to incite a mass uprising because he felt he could not take power by legal means. Mr. Kim had planned to run for president before the coup.

The Kwangju insurrection had spread to other towns in South Cholla province, including Mokpo, which is Mr. Kim's home town.

There was no widespread violence reported in those towns as troops already had pulled out and local citizens joined readily with protesters from Kwangju.

Kwangju has been sealed off to visitors for two days but reports continued to come out through radio and Korean reporters who sneaked through troop lines to reach telephones in neighboring towns.

One cameraman who got out said the city was devastated with many burned automobiles in the streets.

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710 Families to Be Evacuated From New York Chemical Peril

EEC Iran Sanctions Start; Japan to Join

By Joanne Ormang

WASHINGTON, May 22 (WP)—President Carter yesterday declared a state of emergency at the Love Canal toxic chemical waste dump site in Niagara Falls, N.Y., clearing the way for the evacuation of another 710 families into temporary housing.

Mr. Carter's decision was prompted by an Environmental Protection Agency study showing that some residents suffered chromosome damage — often an early warning of cancer and birth defects — because of toxic wastes at the Love Canal landfill.

The neighborhood was contaminated by 20,000 tons of pesticides and solvents buried nearly 30 years ago in the abandoned canal.

The evacuation that yesterday's announcement prepared the way for is the most extensive so far in the struggle against the dangers posed by the chemical dump. In the first major evacuation, in August, about 300 persons in Leekkerk, Netherlands, have evacuated their homes after poisonous chemical waste was found in the groundwater. Story, Page 5.

In 1978, the state of New York declared a health emergency and relocated the 239 families who lived immediately adjacent to the filled-in canal.

When word of yesterday's action in Washington was relayed by telephone to the headquarters of the Love Canal Homeowners Association, the 100 or so persons present burst into tears and cheers. But not everybody was happy.

"I just don't know how to feel," said Marie Posniak, one of the area residents who have been pushing for federal action since 1978. "I'm only looking forward to getting out of here, although a hotel room is no place to raise a family."

Association president Lois Gibbs called the declaration "a victory for the people."

[Some residents remained dissatisfied with the government action. "I want to get out permanently," John Wright told the Associated Press. "I don't like this 'temporary'"]

(Continued on Page 2, Col. 4)

BRUSSELS, May 22 — A European Economic Community trade embargo against Iran went into effect today, and Japan decided to freeze export and service contracts with Iran.

Common Market officials said member countries had given final approval to the embargo agreed on by EEC foreign ministers in Naples last weekend, and EEC ambassadors met today to review final arrangements. Legal and technical experts discussed the sanctions yesterday.

Japan's decision, at a special Cabinet session of ministers in charge of Iranian issues, was in line with the EEC sanctions. Leading foreign businessmen in Tokyo said they believed the sanctions movement would have failed without Tokyo's cooperation, because Japan is one of Iran's largest trading partners.

The EEC was split after Britain decided to drop a clause in the sanctions agreement that included all contracts signed since Nov. 4, the day the U.S. Embassy in Tehran was seized. Britain had been one of the main backers of sanctions aimed at gaining the release of 53 Americans held in Iran, but Prime Minister Margaret Thatcher dropped the retroactive clause after it became clear Monday that it would not get parliamentary approval.

Britain has put off imposing EEC economic sanctions against Iran for a few days because of technical and practical factors, officials said today.

They said that the delay was caused by the decision to drop retroactive sanctions and that the country would issue formal orders putting the sanctions into effect soon, possibly next week.

Other Common Market countries insisted that they stood by the retroactive clause, although officials in Brussels have said it could be difficult to enforce now. Even in its original form, the Naples accord — which bans trade with Iran except food and medicine under contracts signed since Nov. 4 — was a softer version of an agreement drawn up a month ago that would have suspended all contracts.

Under the ban that went into force today, contracts signed before Nov. 4 can be honored. The Japanese sanctions, which will take effect June 2, also suspend all shipments to Iran, except food and medicine.

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Joint U.S. Panel Passes Synthetic Fuel Bill

Rebels Intensify Bush War for Control of the Ogaden

By Richard D. Lyons

WASHINGTON, May 22 (NYT)—After six months of haggling, congressional conferees agreed late yesterday on a multibillion-dollar program to develop synthetic fuels, and included in the legislation a policy directive to fill the national strategic petroleum reserve.

The decision to fill the 750-million-barrel reserve may provoke protest from oil-exporting countries in the Middle East. Saudi Arabia and its allies have been urging the Carter administration not to take such action.

The agreement on the reserve, a series of salt domes along the Gulf of Mexico, was the final action by the Senate-House conferees on the synthetic fuels bill, one of the most complicated pieces of legislation in recent years.

"We're going to get this thing out for the president's signature on July 4," said House Majority Leader Jim Wright of Texas. "It's going to be our declaration of energy independence."

Other legislative pieces of the Carter energy program, such as the windfall profits tax and a national conservation effort, have gone into effect, while legislation creating an Energy Mobilization Board has been agreed to in conference and awaits final congressional action.

The short-range aim of the fuel bill is a variety of financial and legal devices to aid the construction by 1987 of 10 synthetic fuel plants, capable of producing 50,000 barrels a day each, at a total cost of \$25 billion. The intent is to provide \$20 billion in backup funds — a collection of loan, purchase and price guarantees — to induce private corporations to produce synthetic fuels from coal, shale and vegetation such as wood chips and corn.

Long-Range Aim

The long-range aim is to produce 2 million barrels of synthetic fuel a day by 1992 — almost a third of current petroleum imports. Other sections of the bill are aimed at producing energy from organic waste, forest products, the sun and geothermal sources. The bill would also help to weatherize homes and develop solar energy through subsidized interest loans.

The Senate-House conferees contained 35 senators and 23 representatives, believed to be a record in a congressional conference. Its work fused the language of a House bill passed last June and a far more elaborate Senate version passed in November. In between came President Carter's energy message of July 15, in which he stressed syn-

thetic fuel as a cornerstone of U.S. energy policy.

The major part of the conference action was to set up a government corporation to spur development of synthetic fuels, The Synthetic Fuels Corp. It would operate somewhat like the former Reconstruction Finance Corp. and be exempt from, among other things, Civil Service requirements and laws. It would have a 12-year lifespan, a seven-member board of directors and flexible financing arrangements aimed at the production of alternative fuels.

The amount of money that it would spend depends on a variety of factors, such as demand and world oil prices. Under one set of extreme conditions the corporation would spend nothing; under another set it might lay out as much as \$85 billion.

Just buying oil for the petroleum reserve would entail billions of dollars in federal appropriations apart from the funding of the corporation. For example, it would cost at least \$20 billion to fill the remaining salt dome capacity of 660 million barrels.

The language of the petroleum reserve agreement deliberately delayed final wording until after the

June 6 meeting in Algiers of the Organization of Petroleum Exporting Countries, many of which do not want the reserve filled because the more oil the United States has in storage, the less leverage OPEC has in its relationship with the United States.

Filling Demanded

Energy Secretary Charles Duncan Jr., on a trip to Saudi Arabia earlier this spring, failed to win Saudi approval of the reserve. On this and other occasions, the Saudis, the major supplier of foreign oil to the United States, hinted that they might drop production if the administration resumed filling the reserve. Yet forces in Congress demanded that the administration proceed with filling the reserve, into which no oil has been pumped for more than a year.

Sen. Bennett Johnston, D-La., co-chairman of the conference, noted that yesterday's directive to resume pumping 100,000 barrels a day into the reserve was a policy statement. "This is an agreement in principle," he said, "and this tentative approach is subject to later approval by the conferees."

The language, which was agreed to without dissent, is intended to

give the administration leeway in dealing with the OPEC meeting in Algiers so as not to offend the Saudis more than necessary.

One element that has not been agreed to was some fine-print language on what oil would go into the reserve, and the prices that might be paid for it. The conferees instructed its staff to have a final version drafted by June 16 — after the Algiers meeting — so these points could be clarified.

The contents of the omnibus bill — there are seven sections besides those dealing with synthetic fuels and the strategic reserve — are among the most complex in recent legislative history. Yesterday, for example, the conferees dealt with geothermal drilling in Yellowstone National Park, the running of underwater power lines between the Hawaiian Islands, and whether local community action programs would control home weatherization. But the thrust of the legislation is to reduce dependence on foreign oil.

The conferees expressed no opposition to the bill's concept yesterday, though there were minor squabbles on local issues. With the Democratic leadership of both houses solidly behind the measure, its enactment is all but assured.

Gas Fee Opposed By House Panel

Rebels Intensify Bush War for Control of the Ogaden

WASHINGTON, May 22 (AP)—The House Ways and Means Committee voted 27-7 to kill President Carter's 10-cent gas tax today. The vote by the tax-writing panel means the repeal legislation is ready for floor action in both the House and Senate.

The proposed dime-a-gallon fee, intended to promote conservation, was to appear on gas pumps May 15 but was stayed by a federal judge, a ruling the administration is appealing.

The legislation endorsed by the Ways and Means Committee today, and by the Senate Finance Committee 14-4 last week, would overturn the fee. The next step is for the House Rules Committee to schedule the legislation for a House vote.

Guerrilla leaders, whose accounts are supported by diplomats in Somalia, say their forces can often move near the edges of these towns as long as Ethiopian MiG or F-5 fighters do not attack.

Resupply convoys on main roads, even protected by T-62 and T-55 tanks, frequently are ambushed between towns, the rebels say, with heavy losses in trucks and arms. Five attacks were reported in the last week on the road linking Harar and Jigjiga. One convoy also was ambushed late last week on the road leading out of Jigjiga to the town of Capri-Payah in an operation that guerrilla leaders said was typical of their tactics.

Abdi Ahmed, a 21-year-old from Jigjiga, displayed a wounded hand he said he suffered in that fighting. He said several Western Somali Liberation Front units of a dozen men each lay in wait until most of the convoy had passed, then opened up with RPG-7s and machine guns to cut off the tail end.

The daylong fighting resulted in the destruction of two Ethiopian tanks and five trucks and the capture of more than 200 rifles, at a

cost of two guerrillas killed and eight injured, his officer claimed.

Such attacks, repeated regularly, are designed to reduce Ethiopian military presence in towns by creating supply shortages and to discourage Ethiopian sallies into the countryside that the rebels call their own.

'They Won't Shoot'

The degree to which it indeed does belong to the guerrillas was illustrated by a two-mile walk in daylight from this rebel outpost 20 miles northeast of Jigjiga to a loaf-shaped Ethiopian-held hill called Sabul Udalay. A column of about 20 rebels and three journalists marched single file in full view of Ethiopian guns to within eyesight of the Ethiopian positions.

"They won't shoot," said a liberation front official, Sulaiman Hassan. "They know if they do, they will have trouble."

Hundreds of guerrillas, some barefoot and barely into their teens, squatted behind clumps of brush across the flatland leading to the hill. Many carried RPG-7 grenade launchers capable of disabling a tank. They were assisted by others carrying AK-47s and the apparently

(Continued on Page 2, Col. 6)

Police have denied reports that an "open fire" order was broadcast on police radio. It was the second time in a week that police shot at blacks. On Tuesday, a police patrol in Fort Elizabeth fired into a group of stone-throwing blacks, wounding a man.

There were reports of looting in Batho, and police said several arrests were made, police said. Some students reportedly carried placards demanding the release of jailed black leaders. Schools and liquor stores were shut and bus service suspended, and police roadblocks were set up at all entrances to black areas, forcing thousands of workers to stay home.

While burnt-out buses and cars smoldered in Batho, police and parents in other parts of the country warned black students that no further violence would be tolerated.

In the black Kwa Mashu township near the coastal city of Durban, parents have formed vigilante groups to join with police in attempting to prevent more violence. "No illegal meetings will be allowed, and any child found roaming the streets is being thrashed," said G.E. Bhengu, a civic leader in Kwa Mashu.

Rebels Intensify Bush War for Control of the Ogaden

Somalia's Resources Stretched by Flood of Refugees

By Edward Cody

GOBIERI OUTPOST, Ogaden, May 22 (WP) — Ethnic Somalis in the rebel-held Ogaden have significantly intensified their secessionist war, ambushing Ethiopian supply convoys and restricting government troops and their Cuban supporters to the region's major towns.

The increased fighting in recent months, combined with Ethiopian retaliation against villages offering shelter to the irregulars, has generated a gigantic stream of refugees into Somalia, filling 25 camps and straining the government's ability to keep them alive.

The spring offensive by the Western Somali Liberation Front, which is supported by the Somali government in Mogadishu, also has led to a dozen Ethiopian bombing raids up to 20 miles inside Somalia and dozens more against pro-rebel villages in the 127,000-square-mile region known as the Ogaden.

It has brought fighting to its highest level since the withdrawal of regular Somali troops in March, 1978, after a crushing defeat by Ethiopians backed by Russians and Cubans equipped with nearly \$1 billion in sophisticated Soviet arms. The debacle led to a quiescent period during which the guerrillas re-

grouped and rearmed, and the world largely forgot about their determination to secede from Ethiopia under Somali patronage.

Somalia claims the southern desert region, which was once part of Somalia, because most of its inhabitants are ethnic Somalis.

The Soviet Union and Cuba intervened in the conflict when it appeared that the rebels, backed by regular Somali forces, would succeed in wresting the Ogaden away and possibly topple Ethiopia's Marxist government, which was already preoccupied with a revolt by secessionist Eritrean guerrillas.

The result added new complications to one of Africa's longest-running problems. The Soviet Union lost its strategic base at the Somali port of Berbera on the Horn, and the United States has had to balance carefully a determination to stay out of the conflict with a desire to cement ties with Somalia and acquire a naval base there.

Despite the Soviet and Cuban intervention, however, the Ethiopians never gained control of the countryside. A two-day tour of rebel-held areas near the Ethiopian town of

Jigjiga in the northern Ogaden showed total guerrilla control of a broad stretch of the scrub-brush countryside between the northern Somali border in the Hargeisa region and Jigjiga's outer defense.

Heavily Armed

The rebels were dressed in ragged civilian clothes or in captured Ethiopian uniforms. But they were heavily armed with AK-47 assault rifles, the ubiquitous Soviet-made commando weapon, in addition to light Soviet-designed machine guns and RPG-2 and RPG-7 shoulder-fired, rocket-propelled grenade launchers.

Other independent observers who made a similar tour of the central Ogaden said they drove in Land Rovers for miles across the flat terrain without encountering any challenge to the guerrillas.

The independent witness account showed Ethiopian forces able to defend only the population centers such as Jigjiga, Harar and Dire Dawa in the north, and Gindir and Imit in the center. Rebel officers said these towns were garrisoned with Cuban troops and Soviet advisers, backed by Soviet-supplied tanks.

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# China Strategic State Reported to Weaken

By Drew Middleton

BRUSSELS, May 22 (NYT) — The overall strategic situation of China has worsened over the last year despite its apparently successful test of an intercontinental ballistic missile.

Intelligence and academic specialists on the strategic triangle of China, the Soviet Union and the United States — weighing Soviet moves against China's inability to respond and U.S. unwillingness to provide direct military aid — conclude that China's only course is to

source said, are within range of the Malacca Strait, a busy commercial artery through which Middle Eastern oil reaches Japan.

## 45 Divisions

The Russians' military presence in Vietnam and political support for Vietnamese policies in Laos and Cambodia have reminded China's other neighbors, the specialists said, that the Soviet Union and not China is the most significant military power on the Asian mainland.

Over the last four months, the Russians have taken steps to strengthen their ground forces along the 4,000-mile frontier with China. These forces are estimated at 45 divisions, or 450,000 men.

The new element is that about half of these divisions are now at full strength, with all their weapons including T-72 tanks, the most advanced helicopters and reinforcements in surface-to-air missiles. SS-20 medium-range missiles are said to have been installed in the Siberian Military District, with headquarters at Novosibirsk, and in the Transbaikalian Military District, centered at Chita.

The ground forces are supported by 500 bombers and 1,400 fighters. The latter, guided by a radar-warfare system, are judged capable of handling the obsolete bombers of the Chinese Air Force, which one source said is "the third largest and certainly the oldest" in the world.

The Russians have built up their naval strength in the Far East and show a disposition to use it on targets of opportunity.

About 10,000 men have been landed on islands in the southern Kuriles that were annexed at the end of World War II and are being claimed by Japan. According to one specialist, facilities for the accommodation of another military force are being built on Shikotan, one of the islands. The others are Iturup, Kunashir and the Habomai group. The Soviet troops are equipped with tanks, assault helicopters and ground-to-air missiles.

At Atlantic alliance headquarters, the Soviet move is considered more as a threat to China than to Japan. It has been accompanied by a reinforcement of the Soviet Union's Pacific fleet.

There are now eight missile cruisers and 16 missile destroyers and frigates in the fleet, which has a nominal strength of 75 submarines.

The submarines and surface ships using the Vietnamese bases are drawn from this fleet. Its anti-sub-



First Chinese intercontinental ballistic missile was successfully launched Sunday at a target area in the Pacific Ocean.

marine capacity has been modernized.

The Chinese military response appears to be following Mao's dictum that defense needs could be met by a nuclear strike force and a vast people's army. The Chinese have both — but, as specialists say, nothing in between.

Prospects for forming a mobile, quick-reaction force are limited. Military modernization is the lowest on the list of the four modernizations on which China has embarked, specialists said. The others are in industry, agriculture and science.

The Chinese Navy may inflict losses on the Soviet Union's Pacific fleet in inland waters. But its range is limited to that of supporting planes. The army's modern weaponry is restricted to old tanks and a few surface-to-air missiles left over from the period of Soviet friendship in the 1950s. The air force is described as in desperate need of modernization.

The consensus at alliance headquarters is that, if the Russians were sufficiently worried by the prospect of a Chinese-U.S. alliance, they could attack and take Manchuria, which produces half of China's oil and a third of its steel.

The Soviet Union, it is said, is so superior in nuclear weapons that it may carry out a Manchurian operation without nuclear strikes.

The other side of the coin is that the Chinese may feel impelled by their weakness in conventional forces to loose nuclear weapons on cities in western Siberia and the Urals.

# Egyptians Vote on Constitution

By Christopher S. Wren

CAIRO, May 22 (NYT) — Egypt today held a nationwide referendum on new amendments to the constitution that, among other changes, would let Anwar Sadat remain president indefinitely and would make the Islamic religious code the principle source of future legislation in Egypt.

The results of the referendum will be formally declared tomorrow by the minister of interior, Gen. Nabil Ismail, whom Mr. Sadat placed in charge of the vote. The only speculation has been about the percentage of overwhelming popular approval that Gen. Ismail will announce.

Mr. Sadat has used the referendum as a device before to produce a popular mandate for his policies. Last spring, the government claimed 99.9 percent approval of its peace treaty with Israel. The pending constitutional amendments were approved by the Egyptian Parliament several weeks ago but the constitution requires them to be endorsed by a popular vote.

Today's referendum was criticized by the country's two modest but active opposition parties, which said that the vote was undemocratic because it offered a series of changes that must be accepted in their entirety.

## Coptic Apprehension

More significantly, Egypt's Coptic Christian minority appears apprehensive over the implications of the Islamic provisions at a time when the Coptic church patriarchy has claimed that Christians have been harassed by Moslem extremists.

The proposed changes in the Egyptian constitution include: An amendment stating that the president may be re-elected for further terms. Until now, he was restricted to two successive six-year terms in office, which meant that Mr. Sadat, who took power in 1970, would have had to step down legally in 1982.

An amendment recognizing Sharia, the Islamic legal code, as the principal source of laws in Egypt. It was previously described as "a principle source." The amendment further states that Islam is the country's religion and Arabic its official language.

An amendment making official Mr. Sadat's establishment of a multiparty political system two years ago. Aside from his ruling National Democratic Party, the only active parties are the Socialist Labor Party and the Unionist Progressive Party. Both are consistent critics of Mr. Sadat's policies.

Another change would set up the Egyptian press as a "fourth estate" alongside the government.

The stress upon Islam as the legal

inspiration appears to be part of Mr. Sadat's strategy to undercut Egypt's small but well-disciplined Moslem fundamentalist movement, which has accused the president of not being sufficiently Moslem. Mr. Sadat recently warned against mixing religion with politics.

Privately, Egyptian officials have said that Mr. Sadat does not intend to enact the kind of severe legislation that exists in Saudi Arabia. While some Coptic Christians fear they will be subjected to Moslem constraints, the constitution guarantees that "all citizens are equal before the law" regardless of their religion.

## Envoy Sent to Carter

CAIRO, May 22 (UPI) — Vice President Hosni Mubarak flew to Washington today with new proposals for discussion with U.S. leaders on ways to revive the suspended Palestinian negotiations with Israel, Cairo Radio said.

It said that the proposals were

contained in a message Mr. Mubarak was taking to President Carter from Mr. Sadat. "The message explains the Egyptian viewpoint on the autonomy talks, the reasons that led Egypt to suspend these negotiations and new proposals to get them going," the radio said.

## Israel Expands Settlements

JERUSALEM, May 22 (Reuters) — The Israeli government decided today to expand six existing Jewish settlements in the occupied West Bank, government sources said. The decision was taken by a special ministerial committee set up to examine the expansion of eight settlements without expropriating private Arab land.

Agriculture Minister Ariel Sharon told Israel Radio that six settlements could be enlarged by adding state land and land whose ownership was unknown or unproven.

# EEC Iran Sanctions Start; Japan Joins in Embargo

(Continued from Page 1)

Industry said that Japan's total crude imports in April dropped 12.5 percent, to 138.7 million barrels, from the preceding month while demand for oil dipped. Imports from Iran decreased 10.7 percent to 16.7 million barrels, from 18.7 million in March. Japanese exports to Iran fell 30 percent to \$169.6 million in April from the previous month, while imports from Iran, mostly oil, declined 20 percent to \$638.9 million.

In Tehran today, Foreign Minister Sadegh Ghotbzadeh said that the question of trying the American hostages as spies had not come up for discussion in the Revolutionary Council. Mr. Ghotbzadeh, just back from an Islamic foreign ministers' meeting in Islamabad, Pakistan, said the council would deal with the issue, but he did not say when or how.

## Parliament Demand

Iran's new parliament (the Majlis) is to convene in a week amid demands by members that at least some of the hostages be tried as spies. Moslem fundamentalists, who back the demand, hold the majority in the 270-seat Majlis.

Meanwhile, Adib Daoudy, a member of the five-man UN commission of inquiry on Iran that cut short its mission two months ago, left Damascus for Geneva today for talks with Secretary-General Kurt Waldheim before going to Tehran.

again as Mr. Waldheim's representative. UN officials in Tehran said Mr. Daoudy, political adviser to President Hafiz al-Assad of Syria, would arrive in Tehran early Saturday.

Also today, nine drug traffickers were executed in Tehran on orders of Islamic judge Sadegh Khalkhali, bringing the total of narcotics offenders shot in the past two days to 29. Pars news agency said the nine, including a 78-year-old man, were shot immediately after their two-day trial ended.

The news agency also reported that saboteurs in southwest Iran blew up an oil pipeline last night, causing a fire that was brought under control after an hour.

# 4 Indicted in U.S. In Extortion Case

WASHINGTON, May 22 (UPI) — A federal grand jury, returning the first major indictments in the FBI's Absecon investigation, today indicted three Philadelphia city council members and a lawyer who allegedly led undercover agents to five congressmen.

The grand jury in Philadelphia charged all four defendants, including council president George Schwartz, with racketeering, conspiracy to commit extortion and attempted extortion in a six-count indictment. The others indicted were council members Harry Janotti and Louis Johnson and Howard Criden, a lawyer.

The Absecon (short for "Arab Seam") investigation uses Abdul Enterprises Inc., a front company created by the FBI, to allow agents to pose as representatives of a wealthy Arab to buy favors from lawmakers and other officials.

# Rebels' War for the Ogaden Intensifies

(Continued from Page 1)

plentiful tubular green rockets that propel the conical RPG grenades.

Mr. Hassan said much of the ammunition and weaponry comes from ambushed Ethiopian units. Other sources said much of it also

# WORLD NEWS BRIEF

## Islamic Conference Forms Afghanistan F

ISLAMABAD, Pakistan, May 22 (AP) — The 39-nation Islamic conference today formed a three-member committee, including Iran's minister, to work for a withdrawal of Soviet forces from Afghanistan. The Afghan crisis committee was authorized to take any initiative considered necessary, including visits to the Soviet Union and Iran, conference spokesman Kacem Zahedi said. "We shall go to Moscow invited," Iranian Foreign Minister Sadegh Ghotbzadeh said. "But not going to beg the Soviet Union to negotiate with us."

The committee is led by Agha Shabb, foreign affairs adviser to President Mohammed Zia ul-Haq. The other members are Mr. C. del and Habib Chatti of Tunisia, secretary-general of the Islamic conference.

## Afghan Rebels Are Said to Kill 50 Russians

NEW DELHI, May 22 (UPI) — Afghan rebels, in an attack of 50 Russians, captured a Soviet military convoy loaded with ammunition, armored vehicles and weapons, a reliable report from Afghanistan said today.

In the attack, which the report said took place about two weeks ago, 400 rebels attacked about 100 Soviet vehicles on a route to Kabul and Kandahar in Gorno-Badkhan province. Among the supplies captured, were machine guns, artillery and mortar shells, possibly 100 probably more sophisticated weapons.

A separate report from Kabul said that thousands of high school anti-Soviet slogans today in defiance of Afghan soldiers around the capital's schools.

## Mexico Is Said to Plan Rich-Poor Summit

BONN, May 22 (UPI) — Mexican President Jose Lopez Portillo today invited world leaders to a summit to discuss closing the gap between the rich and poor nations, former Chancellor Willy Brandt said today.

Mr. Lopez Portillo, who left Bonn today after a state visit, details of the meeting yesterday with Austrian Chancellor Bruno Kreisky and with Mr. Brandt, chairman of the Brandt Commission. The commission is drafting guidelines for cooperation between industrialized and developing nations, it suggested in a recent report.

Mr. Lopez Portillo today began a three-day visit to Sweden, meetings with business leaders aimed at securing investment and aid in return for Mexican oil.

## Flow of Cuban Refugees Slows Dramatically

KEY WEST, Fla., May 22 (UPI) — The transport of Cuban refugees to the United States slowed dramatically today, but the U.S. Coast Guard was uncertain whether a federal prohibition, threatening the Cuban coast or other factors were responsible.

Between midnight and dawn, only one boat with 129 refugees, Key West. One more with 37 aboard was expected later in the arrivals brought the refugee total since April 21 to 67,879.

Federal authorities said 1,188 boats have reached Key West from port of Mariel with refugees aboard and another 608 have returned. A total of 396 boats have been seized under President Carter's new law, which requires vessels bringing aliens without visas to the United States to be turned back.

## U.K. Calls for End to Rift With Saudi Arabia

LONDON, May 22 (UPI) — Britain today called for reconciliation between Saudi Arabia and an end to the diplomatic rift resulting from the last month of the television film "Death of a Prince." Foreign Secretary Lord Carrington, in a speech to the Middle East Association, said government wants reconciliation and better understanding between the two countries.

"We shall be doing all we can," he said, "to bring about a reconciliation between Saudi Arabia and us. We may need to ask them to be more understanding about our way of life. We shall certainly need ourselves to strive for understanding about theirs."

The film was shown on British Independent Television despite appeals against the showing. It showed the execution of a princess and her lover who had been caught having an illicit affair. Saudi government asked for the withdrawal of the British anti-Riyadh and canceled the appointment of a new Saudi ambassador.

## Husak Re-Elected as Czechoslovak President

PRAGUE, May 22 (UPI) — President Gustav Husak today was re-elected by the federal assembly for another five-year term.

Mr. Husak, 67, took the oath of office in Hradcany Castle, home of Bohemian kings and Hapsburg rulers which now houses the national office.

He thus started his second term after taking over in 1975. He was elected to become the eighth head of state of Czechoslovakia, which was founded in 1918.

# El Salvador Unit Menaces Leftists

San Salvador, May 22 (UPI)

Rightist extremists today announced the formation of the Secret Anti-Communist Army "to physically eliminate Communists" — including members of the U.S.-backed junta that took power last Oct. 15.

A communique implied Secret Army members would stage a coup against the five-man ruling junta, most of its members regarded as moderates and officially backed by the United States. The new army consists of seven of El Salvador's most strongly anti-Communist underground groups, according to the communique.

In a related development, six leftists early today kidnapped Eduardo Guirola, a cotton magnate who is reportedly a leading member of El Salvador's rightist oligarchy.

# Peking Beer to Flow for Tourists; Natives May Be Left Low and Dry

PEKING, May 22 (UPI) — Tourists here will be able to buy all the beer they can drink this summer, but there will be a shortage for the eight million inhabitants of the capital, the Chinese news agency reported today.

"Peking breweries are handicapped by their equipment, most of which is from the 1930s," said Li Xinqiao, director of the city's largest brewery. "We are looking forward in the long run to new equipment we are importing from abroad."

The report said big hotels and restaurants will get all they need so that tourists and other guests will not go without. But at smaller restaurants and grocery stores and park stalls, only soft drinks may be available during the hot weather.

Peking has two breweries, which this year are expected to produce 12.4 million gallons; about 20 percent of the city's beer production is exported or shipped to other provinces. China's most popular beer, Qingdao, is made in neighboring Shandong province, but much of it is exported to the United States. It is rarely seen in Peking.

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# Carter Declaration Allows Evacuation of Love Canal

(Continued from Page 1)

for a year. "I might be dead in a year," he said.

[United Press International reported that one man said his family's bill for food and lodging in a motel would come to \$30,000 for one year, while the government could buy his home for its assessed value of \$38,000. Another, Arthur Tracy, 64, said, "I'm sick and tired of being a yo-yo. You're pulled this way. You're pulled that way. All I want is my \$28,500 (the state appraisal for his home) and I'll get on that road, and I'll never come back."]

The plan announced at the EPA calls for the families, about 2,500 people in all, to be moved to hotels, motels, "friends" and relatives' homes for up to one year at government expense. The cost, estimated at \$3 million to \$5 million, will be split between the Federal Emergency Management Agency and New York State.

This action is being taken in recognition of the cumulative evidence of exposure to toxic wastes and of mounting evidence of resulting health effects," said deputy EPA administrator Barbara Blum at a news conference. She added that health studies would be made over the next few months to see whether substantial risks exist to justify permanent relocation.

Love Canal residents have filed more than \$2 billion in lawsuits against the Hooker Chemical Corp. of Houston, which operated the site up to 1953, and its parent firm, Occidental Petroleum Co. EPA is suing the companies for \$124 million in cleanup costs, and Miss Blum said relocation charges will be added to that suit.

"We feel these people should be

## U.S. Nuclear Test in U.S.

YUCCA FLAT, Nev., May 22 (UPI) — U.S. scientists triggered a nuclear weapon 1,099 feet underground today in the seventh announced test this year.

# Seoul Officials Accept Some Demands

(Continued from Page 1)

Students armed with automatic rifles seized from military depots roamed the streets. They mounted machine guns on commandeered automobiles and rode through the streets in buses and military vehicles left behind by the retreating government forces.

Troops withdrew from the center of Kwangju yesterday and held points on the perimeter, including a prison. Reporters seeking to enter the city were turned away at a barricade of piled-up sand about two miles outside the city limits.

With the troops gone, citizens held a rally downtown to denounce a martial law statement that had portrayed the violence there as the work of spies from North Korea. The committee of 15 civic, academic and religious leaders, which formulated the seven-point demand, is reportedly headed by Roman Catholic Archbishop Yoon Kong Hic.

It demanded that troops stay out and that the central government recognize publicly that it had overreacted to student demonstrations last Sunday night. It also called for the unconditional release of students and citizens arrested and publication of an accurate list of the numbers of dead and wounded. The government's casualty lists have

been far shorter than those reported by foreign news media.

The committee said the government should compensate families of dead and wounded and guarantee that no retaliatory measures would be taken. If the government agreed to those measures, the committee promised to persuade citizens to disarm and return to their normal lives.

However, some reports suggested the committee did not have the support of armed students, who were said to be in command of many of the streets and buildings of Kwangju.

## 12 Labor Leaders Released in Brazil

SAO PAULO, May 22 (Reuters) — Luiz Inacio da Silva, a leading Brazilian labor leader, and 11 other metalworkers' union officials were released from jail Tuesday, their lawyers said yesterday. No reason was given for their release.

The officials were arrested 19 days ago under Brazil's national security laws for urging metalworkers to continue a strike that brought most of the country's motor industry to a standstill. They still face charges of incitement to strike and civil disobedience, the lawyers said.

# French Journalist Ousted by Yugoslavs

PARIS, May 22 (AP) — A reporter from Radio France International, France's state-owned overseas radio service, was expelled from Yugoslavia last night, 24 hours after his arrival in Zagreb, the network said today.

It said that Michel Barthelery had met with Vlado Gotovac, a philosopher, and Frango Trifunovic, a historian, both Croats who are considered hostile to the Yugoslav regime. Mr. Barthelery said that he was put on a plane for Paris after his belongings were searched and tapes of all his interviews seized, the network reported.

# Liberia Recovers Tanker

LONDON, May 22 (UPI) — The Liberian government today said it had recovered the Amoco Caribbean, a Liberian-registered supertanker, from a gale off the British coast in March.

The Amoco Caribbean, which was damaged by a gale in March, was found by a British fishing boat off the coast of Ireland. The ship was then towed to the British coast and is now being repaired. The Liberian government said it had recovered the ship from the British coast.

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## House Votes Big Rise U.S. Arms Budget

By George C. Wilson

WASHINGTON, May 22 (UPI) — The House of Representatives today voted to increase President Carter's budget for the fiscal year 1981 by \$15.7 billion.

The vote on the authorization bill, which also includes a second victory of the day for the House, was 338-77.

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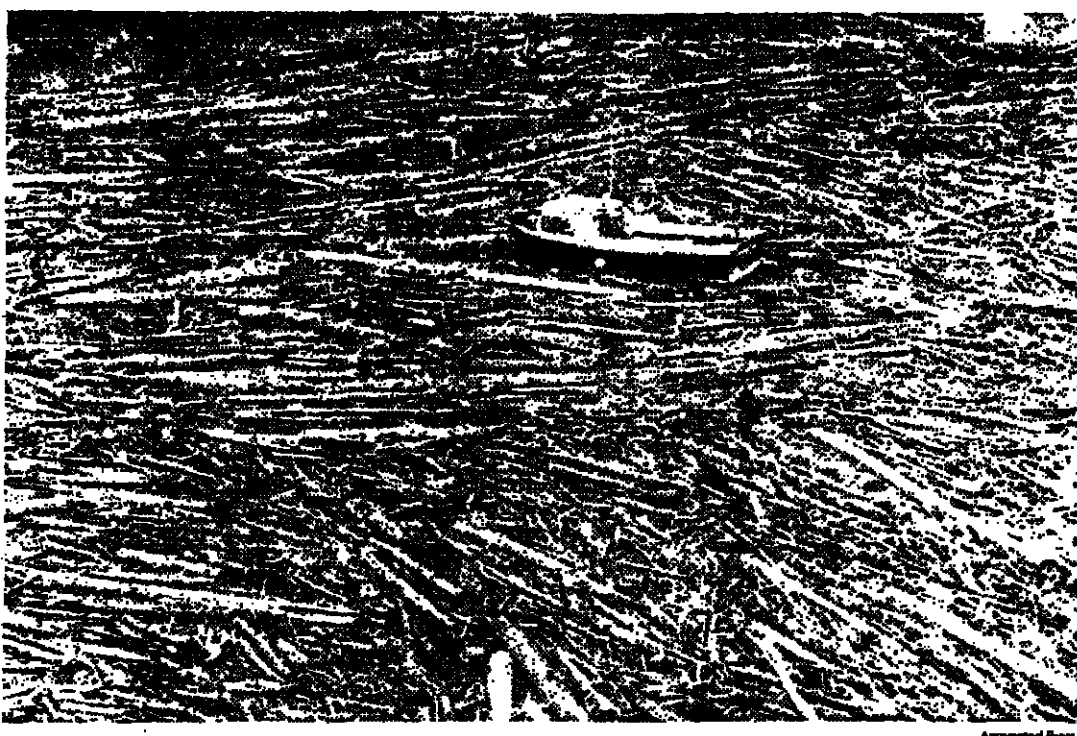
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Boat is caught in a logjam in the Cowlitz River following Sunday's eruption of Mount St. Helens.

## Flood Fears for U.S. Volcano Area Abate As Spirit Lake Seems to Be Holding Firm

VANCOUVER, Wash., May 22 (UPI) — Concern diminished yesterday over the possibility of catastrophic floods in the Toulou and Cowlitz River Valley cities of southwestern Washington after surveys showed the plug at the outlet of Spirit Lake to be more secure than was earlier thought, officials said.

The lake's outlet was blocked Sunday by a slide of dirt, rock, glacial ice, ash and debris when Mount St. Helens erupted. The obstruction was described by pilots as a mile wide and about 200 feet high. The area is within the part of national forest land devastated when the volcano erupted and is inaccessible by foot.

As the lake filled, officials were concerned Tuesday that the earthen dam would collapse, creating a flash flood down the Toulou River to the Cowlitz and into the cities of Kelso and Longview, where about 50,000 people live.

But aerial surveys yesterday showed the Spirit Lake outlet plug was far larger than earlier believed. It appears to be a wedge of material that begins at the lake outlet and extends about 14 miles down the Toulou River Valley, gradually diminishing in size.

"The possibility of catastrophe is much less than we thought," said Pauline McGinny, a spokeswoman for the Gifford Pinchot National Forest Management.

"But the danger is not all gone. If we had a major earthquake on the mountain — that really shook the area — all of that material could turn to mud and start flowing on down the valley with the water pouring out of Spirit Lake behind it."

Low-level quakes continued to shake Mount St. Helens yesterday, their maximum impact registering 3.5 on the Richter scale. The quake that is thought to have touched off Sunday's explosive eruption registered 5.

Seismologists said yesterday's quakes were deep beneath the surface, which indicates that molten rock has receded from its position high inside the peak when the Sunday eruption occurred.

The heavy outflow of ash has ended, for the time being, observation showed. Plumes of steam with small amounts of ash pushed through the cloud cover yesterday.

Carter Tours Area  
VANCOUVER, Wash., May 22 (UPI) — President Carter today toured the devastated Mount St. Helens area by helicopter to assess the damage from the eruption that took 19 lives and has left at least 100 persons missing.

Skirting heavy clouds and drizzle hanging over the mountain and nearby towns, Mr. Carter was flown over the ash and mudslides from the eruption that blew 1,300 feet off the top of the cone.

An overnight rain in eastern Washington washed much of the ash deposit from the streets of Spokane, Wash. But in Idaho, National Guardsmen were called out to help clean up the debris.

The president, who declared Washington state a major disaster area, flew into Portland, Ore., last night and met for two hours with Governors Dixie Lee Ray of Washington, Victor Atiyeh of Oregon and John Evans of Idaho.

Miss Ray interrupted Mr. Carter's questioning of the volcano's status to say, "This is all very interesting, but we need help."

When the president asked, "What do you need specifically?" she spelled it out for him: "M-O-N-E-Y."

U.S. Senate Sets \$75 Million in Nicaraguan Aid  
WASHINGTON, May 22 (UPI) — The Senate completed congressional action this week on a bill authorizing \$75 million in economic aid for Nicaragua that President Carter had requested urgently more than six months ago.

The Senate, by a margin of nine votes, approved a bill identical to the one that was adopted by a five-vote margin in the House on Feb. 27. Because the measures are identical, no Senate-House conference will be needed.

Administration officials and Senate supporters of aid to Nicaragua had said that they feared that any Nicaraguan aid measure would be defeated in the House if the issue had to be voted on again.

The authorization bill was sent to Mr. Carter for his signature. Funds will not be made available to Nicaragua until Congress acts on an appropriation bill.

Under the bill's provisions, \$45 million of the \$75 million will be allocated for purchases in the United States to help private businessmen in Nicaragua to recover from the country's civil war.

2 Soviet Craft Separate  
MOSCOW, May 22 (AP) — The Progress-9 space freighter was separated from the unmanned space station Salyut-6 Tuesday after completing its mission, Tass reported yesterday. The agency said that the cargo ship delivered air, fuel and equipment to cosmonauts Leonid Popov and Valery Ryumin.

## Reagan Delegate Total Assured; Aides Said to Eye Party Changes

By Adam Clymer

NEW YORK, May 22 (NYT) — Ronald Reagan, the delegates needed for the Republican presidential nomination now certain after the Michigan and Oregon primaries on Tuesday, was meeting resistance yesterday to tentative moves by his campaign for a takeover of the Republican National Committee's operations.

He also showed new weakness in losing soundly to George Bush in Michigan.

Still, Mr. Bush, Mr. Reagan's last rival for the nomination, announced yesterday that he was re-assessing his candidacy after two television networks said that Mr. Reagan had won the required 998 delegates.

The New York Times count of delegates won or projected gave Mr. Reagan 993.

Not only did Mr. Bush beat Mr. Reagan for the fifth time, the former congressman, diplomat and central intelligence director also took the blue-collar vote, which Mr. Reagan had won in their previous contests and cited as a demonstration that he could win in November.

Meanwhile, Bill Brock, the Republican national chairman, started actively canvassing for votes for his own re-election. Mr. Brock said he had no reason to doubt that he had Mr. Reagan's support, but he insisted that in their "joint campaign" the Reagan forces would not be able to unilaterally dismiss staff members of the national committee.

Committee sources said Reagan aides had told them that they wanted to remove some key personnel, including Mr. Brock's deputy, Ben Cotten, and they made it clear that Mr. Brock's move to line up support was intended as a warning to Mr. Reagan's camp.

No Surprises  
The Democratic race offered nothing unexpected, either at the polls or behind the scenes. President Carter, Sen. Edward Kennedy Tuesday, moved within 95 delegates of the 1,666 he needs for the nomination, according to The New York Times count.

For the first time in weeks, Mr. Bush did not quarrel with the implication of the delegate counts by pointing out that they included projections. By the Times tally, 157 of Reagan's delegates are from states in which delegate selection is not yet complete.

Republican primaries Tuesday in Idaho, Kentucky and Nevada would give Mr. Reagan the additional delegates to enable him to reach 998, if a meeting of 13 uncommitted Hawaii delegates this week does not do it first. By the somewhat different counts of ABC News and CBS News, he already has his majority.

Ninety-five Democratic delegates are at stake Tuesday, in primaries in Arkansas, Kentucky and Nevada. But though Mr. Carter is favored in each state, the Democrats' proportional allocations of delegates means he will not get them all, so he cannot reach his goal of 1,666 before the last eight Democratic primaries on June 3.

Meanwhile, Rep. John Anderson said that he was in the race to stay because of his success in getting on the ballot in every state in which a filing deadline had occurred since he announced on April 24 that he would run as an independent candidate. At that time, he made his entry conditional on ballot access, but yesterday he said in Los Angeles: "There's no doubt in my mind. Sure, I'm in."

He said his supporters would sue in five states — Kentucky, Maine, Maryland, New Mexico and Ohio — to upset filing deadlines that passed before he announced his withdrawal from the Republican race and his re-entry as an independent.

Mr. Reagan's defeat in Michigan made it the fourth state — not counting the District of Columbia, where Mr. Bush won — in which he had been rejected by his party's voters, leading more support to Rep. Anderson's argument that he could provide a different choice. The other states were Massachusetts, Connecticut and Pennsylvania.

Mr. Reagan commented on his victory in the Oregon Republican primary and on the projections of a delegate majority by saying it was now time for him to think seriously about choosing a running mate.

But while that is ultimately expected to be very much his own choice, his aides were busy trying to fill a position in the campaign staff that has basically been unfilled since the dismissal of John Sears on Feb. 26.

They were seeking an experienced political hand to direct strategy for the November campaign, a need made even more immediate by the resignation of Anderson Carter, a New Mexico conservative who has headed the campaign's field operations since February and who made it plain privately that he felt the campaign chiefs were moving too slowly in hiring politicians who had worked in past general elections.

## U.K. Sentences 3 Of Rightist Party In Arson Attempt

LONDON, May 22 (AP) — Kenneth Matthews, former chairman of a chapter of Britain's ultrarightist National Front, received a six-year prison sentence today at London's Old Bailey criminal court for trying to set fire to a printing plant used by the Socialist Workers Party, a leftist movement feuding with the Front.

Prosecutor Ann Curnow said Matthews, 44, and two other Front members were foiled in the arson attempt last November because a social worker overheard their plans on a crossed telephone line. They were arrested in the courtyard of the printing plant when workers in the building switched on floodlights, and police moved in.

The other two members of the neo-Nazi organization were also convicted. Stephen Beals, 18, was jailed for three years, and Stephen Fitzpatrick, also 18, was sent to a reform school for an indeterminate period. All three pleaded guilty to possessing electrical explosive detectors, gasoline and wires to destroy the plant in south London.

Lefebvre Delays Rite Till After Pope Visit  
PARIS, May 22 (AP) — Archbishop Marcel Lefebvre, 79-year-old leader of the traditionalist movement in the Roman Catholic Church, has rescheduled a trip to Paris next month to avoid crossing paths with Pope John Paul II.

The pope will be in Paris May 30 to June 2 on his sixth foreign visit since his election in October, 1978. The dates, however, conflicted with plans to conduct the annual confirmation ceremony at St. Nicolas du Chardonnet, center of the traditionalist movement in Paris. The ceremony was put off for two weeks.

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**MORTSEL (BELGIE)**

## Ideau, Calling for Period of Healing, en Initiates Talks on Rewriting Constitution

Andrew H. Malcolm  
A. May 22 (NYT) — Minister Pierre Elliott Trudeau today called for a period of healing after the divisive defeat of the Quebec referendum's proposal to negotiate a new constitution for that province.

Mr. Trudeau said that the referendum's defeat was a "great tragedy" for the country, but he also called for a period of healing and reconciliation. He said that the country needed a "period of healing" and that he would be initiating talks on rewriting the constitution.

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## The Alliance's Frailty Exposed

President Carter finds it too embarrassing to confess, but on one Asian question after another, the United States is being routinely defied by its major allies. Western Europe and Japan are defaulting on the promise to impose meaningful sanctions against Iran to protest the hostage impasse. Many of the allies are unwilling or unable to boycott the Moscow Olympics to protest the Soviet invasion of Afghanistan. They failed to hold the line against an exorbitant price for Iranian oil. They itch to undercut Camp David by endorsing creation of a Palestinian state on the West Bank.

Explanations abound: The allies have to find their own way because their trade with the Soviet Union and their dependence on Middle East oil far exceed America's; Washington itself, by its rescue raid into Iran, conceded that sanctions were unlikely to free the hostages; the United States, too, is torn between the desire to punish Iran and the fear of driving it closer to the Soviet Union; the United States itself is wobbling on the Palestinians; U.S. leadership is inept and erratic; French diplomacy is duplicitous; and so on. Beneath the explanations and recriminations, however, runs an unmistakable trend. The allies have come to doubt that America has the wisdom and power to produce stability outside Europe. They think it is dangerously bound over to Israel. They prefer to contain Russia by playing upon Moslem nationalisms but will refuse in any case to confront either of them. If forced to choose, they prefer accommodation in the Middle East to alignment with the United States.

It is an ominous trend that the rest of the world is learning to exploit. For reneging on

sanctions, the allies will be duly rewarded by Iranian commerce. For undermining the Olympics boycott, France gets a summit with President Brezhnev and who knows what else. For proving they need to sell even more than the Russians need to buy, the West Germans will get more passes to visit relatives in East Germany. For outbidding the Americans among Palestinians, oil-rich Britain will presumably earn a seat in OPEC.

Disagreements among the allies are nothing new. But the present discord involves more than disputes over policy. It is exposing what collective economic power used to hide: the frailty of the alliance outside Europe. Although the allies' frontiers are militarily secure, their economic growth is no longer assured. So they are regularly tempted to compete rather than to cooperate with America and with one another. Moreover, the West Europeans have failed to move from a common market to common economic policies, and that makes real collaboration across the Atlantic and Pacific vastly more difficult.

Thus what look like political quarrels are more likely signs of deep structural antagonisms. Mere good will or new leaders will not repair them. If allied economic interests cannot command cohesion, then those interests will have to be cooperatively and painstakingly altered or the goal of collaboration will have to be abandoned.

Unchecked, the discord will erode the basic military alliance. The purpose of that alliance was to combine European, Japanese and American economic power for the defense of democratic values. What a tragedy if economic interests end up pulling it apart.

THE NEW YORK TIMES.

## Waiting for Parliament in Iran

The hostage crisis is increasingly being seen in the Moslem world as a rude, gratuitous and dangerous distortion, essentially unacceptable in the first place and not to be indulged or afforded now. This was evident at the Islamic conference in Islamabad. Nearly 40 nations made plain their impatience at Iran's lingering taste for martyrdom, and their anxiety over the way the crisis feeds tensions. Pausing briefly to rap the failed U.S. rescue mission, the conference called on Iran to solve the crisis quickly "in the spirit of Islamic tolerance." The United States was summoned to do its part, but it was clear that Iran's closest friends, including such U.S. antagonists as Libya, regard Tehran as the party that must make the key moves.

The principal burden of choice in the hostage crisis remains where it has always been: on the Iranians. The new Parliament, which convenes next Wednesday, is the body to which Ayatollah Khomeini has assigned final disposition of the issue. Whether it merely replicates the configuration of forces that has kept the Americans captive for more than six months, or whether the right-wing clerical elements ascendant in it believe they have won their point by winning the election, is the key question. In any event, the Parliament is a body that responsible people inside and outside Iran can identify and appeal to as the formal embodiment of the national will. In Iran, that is progress.

THE WASHINGTON POST.



### Letters

#### The Resolute Voice

On Aug. 21, 1968, the day on which Soviet tanks invaded Prague, I traveled to Ljubljana to participate in an international congress planned to start there the following day. When I arrived at the student hostel where the congress members were staying, the entire building was echoing with a resolute male voice issuing from numerous loudspeakers. "Who is speaking?" I asked the hotel clerk.

"Marshal Tito," came the proud reply. "And what is he saying?" I asked. "He says that if they come to Yugoslavia, we'll fight."

That was at 7 p.m. The occupation of Prague was already more than 12 hours old. As I write this, it will soon be twelve years old. "They" made no attempt to invest Belgrade.

MARIA JOLAS, Paris.

#### All Shot but One

Tito died at Ljubljana. At the Austrian end of the Ljubljana tunnel, I handed over 200 Yugoslavs, including mothers and children, to the charge of a Titoist in 1945. Following Allied agreement, they were being repatriated. Once through the tunnel, they were all shot except one man who had hidden himself. He crossed mountains and told the tale. He was then treated as a refugee without a family.

PHILIP BRUTTON, Paris.

#### An Open Letter

I wish to offer my condolences to the people of Yugoslavia for the loss of a great leader. Many years ago, we Americans had a great leader, Franklin D. Roosevelt. I am old enough to remember hearing news of his death.

Although World War II was nearly won, our people were plunged into sadness. I wish you to know that we are saddened by President Tito's death.

STAN MOTT, Larnaca, Cyprus.

#### World Leaders

World leaders assembled to pay tribute to a statesman. Prime Minister Thatcher, Prime Minister Gandhi, Chancellor Schmidt, President Brezhnev, Premier Hua Guofeng, Premier Ohira, Chancellor Kreisky, Mr. Arafat and Secretary-General Waldheim, to name a few. Leaders from East and West who shape the world's future. And whom does the United States send? Vice President Mondale and the president's mother. I am embarrassed for all Americans.

ROY STEFFEN, Rapperswil, Switzerland.

### In the International Edition

#### Seventy-Five Years Ago

May 23, 1905

MILAN — Some time ago, Signor Valle, deputy, was injured in a railway collision. After his recovery he affirmed that, although he no longer suffered physically, his intellectual faculties were much impaired. He consequently claimed damages from the railway company to the extent of 250,000 lire. The action is now proceeding before the Milan courts. Counsel for the railway company argued that the plaintiff's condition could not be such as is described, as he had delivered speeches in Parliament since the accident. Signor Valle stated that he would call witnesses to prove that since the accident all the speeches attributed to him were really the work of other persons.

#### Fifty Years Ago

May 23, 1930

PARIS — Today's editorial in the Herald reads: "There was nothing to be gained by keeping a 'soft pedal' in America on the growing evil of unemployment. It is a fact of immense importance that the number of persons there without the means of livelihood is now several millions. Congress has done well in directing its attention to this grave matter. The Senate has passed two measures designed to help in the solution of the problem. First, to authorize the Bureau of Labor Statistics to publish comprehensive monthly employment figures. Second, to anticipate periods of depression by authorizing a maximum \$150 million a year for pushing forward public works."



## Israeli Policy on Settlement Needs Review

By Anthony Lewis

BOSTON — An important phenomenon in the Middle East problem is the difference between attitudes inside Israel and among Israel's organized supporters in the United States. In Israel one finds vigorous debate, criticism of policy, adjustment to changed realities. In the American groups there is unchanging refusal to disagree publicly with whatever an Israeli government does.

A striking example was provided recently by Theodore Mann, chairman of the Conference of Presidents of Major American Jewish Organizations. Mann wrote an article for The Wall Street Journal denying that the Begin government's policy of building settlements in the occupied West Bank is "an obstacle to peace."

"It is Arab refusal to accept Israel," Mann said, "not the settlements, that is and always has been the only obstacle to peace. It is Arab unwillingness to accept Israel's legitimacy, not the 'Palestinian issue,' that is the heart of the problem in the Middle East."

### By Armed Force

Mann made a sensitive point about the Camp David plan for West Bank autonomy. Its purpose, he said, was to give Israelis and Palestinians the opportunity to overcome the psychological barriers that have separated them. But can he believe psychological acceptance is enhanced when one side claims, and exercises, the right to plant settlements by armed force whenever it wishes to dispute territory?

"Israel's settlements are an obstacle to the PLO," Mann wrote, "not to peace." That is, he believes the settlements are effective devices against terrorism or military assault on Israel. But militarily or politically, that is a dubious proposition.

Many military experts in Israel think the settlements of the Begin years, most of them isolated outposts of religious zealots, are in fact a security burden. In the event of a

surprise attack, Israel's small standing army would have to send units to many remote points to defend these settlements. More likely, the high command would order them evacuated — as it did some frontier settlements on the Golan Heights in the 1973 war.

Politically, the settlement policy has been a boon to the extreme elements of the PLO. The most moderate Palestinians have been outraged at the imposition of settlements in their midst.

### Mutuality

"Israel is not so suicidal," Mann said, "as to withdraw from territories that separate her from her avowed enemies, in the absence of peace." Certainly, peace and security guarantees should accompany withdrawal. But how can that mutual arrangement be approached when Israel follows a settlement policy that seems to exclude withdrawal forever?

Mutuality has to be the basis for solving any such political conflict. Palestinians are closer now than they have ever been to doing what Mann rightly says they must: accept Israel. They can go the rest of the way only when Israel accepts their political reality — when Israel's friends do not dismiss the "Palestinian issue."

Theodore Mann very likely understands all this. A pre-eminent American Jewish leader, he has the reputation of being a sensible and sensitive person. But he operates within a tradition that evidently demands solidarity above all.

There is a tragic cost to Israel — the adjective is not too strong — in the U.S. Jewish community's reluctance to apply its usual test of wisdom to Israeli government policy.

The other day a 17-year-old Palestinian boy, Tariq Shumali, was charged with throwing a stone at the car of the Israeli military governor in Bethlehem. He was so severely beaten by Israeli soldiers that he needed surgery. Then his whole

family, his parents and two sisters, were taken from their middle-class home and dumped in a roofless mud hut in an abandoned refugee camp near the Dead Sea.

Collective punishment and savage beating for throwing a stone at an Israeli occupier — surely that is not Mann's dream of Zionism. I see in the story an endless cycle of repression and violence, destroying the moral and eventually the political fabric of Israel.

That is the fear not just of a commentator with affection for Israel but of prominent Israelis. This week 250 of them, including two former chiefs of military intelligence, signed a powerful statement calling for "peace and security through compromise" on territorial issues.

One of its drafters said it recognized "that two peoples live between the Mediterranean and the Jordan River."

"Extremists in the public and the government distort Zionism," said the statement. "Their way endangers and isolates Israel, undermining the ethical basis for our claim to a life of peace and security. Their way leads to divisions within the Jewish people, alienates friends of Israel and strengthens the extremists among our enemies."

The statement called for a "return to mainstream Zionism" and said it was time for those who agreed to "stand up and be counted." Among them should be Theodore Mann and other American Jewish leaders.

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## Mideast Recognition Has to Be Reciprocal

By Dov Ronen

CAMBRIDGE, Mass. — I am an Israeli who does not support Jewish settlements in the West Bank, nor the opening of a Jewish town in Hebron. I do not claim sovereignty over Judea and Samaria on the basis of a biblical right, nor do I consider Israel's sovereignty there essential to our national security in all circumstances. Furthermore, although I would oppose any plan to redress Jerusalem, I can envision a new administrative arrangement in the city that would address and seek to satisfy Moslem and Palestinian aspirations.

Having studied the issue of self-determination in world politics, I recognize this as a right that the Palestinians must be accorded. The Palestinians should have the right, both in principle and in practice, to control their lives and not be ruled by Israelis or anyone else. If independent statehood rather than "mere" autonomy is what they want, I for one support their quest for statehood.

Briefly, I am an Israeli dove in the context of the Arab-Israeli conflict. I am also a survivor of the Holocaust.

As a child I marched with a yellow star on my chest with raised hands under Nazi guns. I was in hiding, just as Anne Frank was, behind locked doors. I starved. I lost my grandparents, uncles, cousins, all my elementary school classmates. I do not now have any friends from childhood years. I share, together with other Israelis, many of whom are survivors of the Holocaust, an aspiration for self-determination in our own country.

### A Statement

As a dove, a liberal and a humanist burdened with the experience I have just described, and more, I have been asking and searching for some years now in the United States, most of them spent in the stimulating and heterogeneous intellectual environment of Harvard University, for a clear statement from Palestinians — or even from a single responsible Palestinian — that the establishment of a Palestinian state, or any other expression of Palestinian self-determination, would not be the first step toward the elimination of Israel.

There are many Palestinians who now imply it would not. But none has stated unequivocally that the Palestinians recognize Israel's right to self-determination, its legitimate existence, and that they would be satisfied with only a part of Palestine.

I know that it is difficult for them, at this stage, to make such a declaration. I can also imagine that

it is politically difficult for the Palestine National Council to change its Charter, which calls for the destruction of Israel. There are extremists in the field and militants at the conferences, who would be up in arms at any such declaration.

But if the moderates cannot control the extremists now, what are the assurances that they can handle them later? And if they cannot handle them later, who will assure the security and the survival of Israel in a truncated country?

Israelis, and Jews of all persuasions, want to be, and must be, persuaded that a step toward autonomy is not a step toward the destruction of Israel. Without such conviction there cannot, and should not, be Palestinian self-determination.

Without the assurance that the right of self-determination is regarded by both peoples as legitimate for both peoples, any American pressure on Israel to accede to Palestinian demands will be resisted by all Israelis including the doves, the liberals and the humanitarians.

The issue of recognizing Israel's right to exist, and declaring that Palestinian self-determination can be realized only in part of Palestine, is one that must be faced in the Palestinian camp now.

If there is to be American pressure, it should first be placed on the Palestinians, and on Arab leaders, to force them to come to terms with this fact. Such a move by President Carter would demonstrate the United States' moral commitment to the survival of Israel, and humanitarian concern for the survivors of the Holocaust.

Dov Ronen, research associate of the Center for International Affairs at Harvard University and a visiting scholar at Tufts University, is author of "The Quest for Self-Determination." He wrote this article for The New York Times.

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters sent to the editor.

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## Torture-Ordered Evacuation Stop Dutch Leave Homes er Poison Waste Found

WARKERK, Netherlands (AP) — About 300 persons in a housing development are being evacuated as the first stage of a government exodus following the discovery of poisonous chemical waste in the groundwater, the Interior Ministry said today.

The evacuation of the development, ordered by the Interior Ministry, will be completed by the end of this month and, on Monday, will be completed by the end of this month and, on Monday, will be completed by the end of this month.

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## Russia Bars it of U.S. Publisher

NEW YORK, May 22 (WP) — A second time in less than a month, the Soviet Union has abruptly barred the visa of a leading U.S. publisher.

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**FAMILY AFFAIR** — Gail and Vaughn Benjamin, 24 and 21 respectively, will be the first brother and sister to graduate simultaneously from a U.S. service academy when they receive their degrees Wednesday from the Air Force Academy. Both plan to go on to pilot training. The class of '80 is the Air Force Academy's first to include women cadets.

## Ousted by Military in '68

## Peru's Probable President An Odd-Man-In Populist

By Robert D. McFadden

NEW YORK, May 22 (NYT) — In Peru's long, troubled history of rule by authoritarian military officers and the surrogates of powerful families, Fernando Belaunde Terry is the odd man who will not stay out.

He has been in office in Dublin only since December, and in those first five months, one of the best-publicized facts about him here has been that he was expelled from the Irish Cabinet 10 years ago in a scandal over an alleged plot to smuggle guns for Irish Republican Army guerrillas.

Yesterday, he and Mrs. Thatcher pledged to develop new and closer political cooperation between their governments, according to a joint communiqué. Both Mr. Haughey and a British spokesman characterized their meeting at No. 10 Downing Street as friendly and indicated that it seemed likely to be the beginning of a warm personal relationship.

But both sides made it clear that there had not been any major new agreement. As recently as Tuesday, in the House of Commons, Mrs. Thatcher restated the view that "the future constitutional affairs of Northern Ireland are a matter for the people of Northern Ireland and the people of the Republic of Ireland."

But he reiterated "our ultimate aspiration of bringing about the unity of Ireland," and he warned that because of the political violence that has taken 2,000 lives there over the last decade, "the social fabric of the communities of Northern Ireland is in grave danger of disintegrating beyond repair."

Mr. Haughey's generally conciliatory tone, and his acceptance, "as a practical matter," that the Protestants of Northern Ireland, who overwhelmingly oppose union with the Republic of Ireland, would have to be persuaded, rather than coerced, was significant because of his reputation in London as a hard-liner.

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## Irish Leader: Ulster Majority Holds Key

By William Borders

LONDON, May 22 (NYT) — Premier Charles Haughey of Ireland conceded yesterday that any change in the constitutional status of Northern Ireland could come about only with the agreement of the Protestant majority in the community.

"We recognize that any solution, if it is not going to be imposed by force, must be by agreement and consent," Mr. Haughey said after a meeting with Prime Minister Margaret Thatcher, the first substantive discussion that the two leaders have had.

"We don't wish to dominate anybody. We don't wish to take anybody over. We have no idea to impose our will or our way of life or our political beliefs," Mr. Haughey said.

But he reiterated "our ultimate aspiration of bringing about the unity of Ireland," and he warned that because of the political violence that has taken 2,000 lives there over the last decade, "the social fabric of the communities of Northern Ireland is in grave danger of disintegrating beyond repair."

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This was considered a pointed allusion to the Dublin government.

In its efforts earlier this year to negotiate some kind of new political initiative with the differing parties in Northern Ireland, the Thatcher government has staunchly resisted any introduction into the talks of the "Irish dimension," that is, involvement of the Dublin government.

Diplomatic sources said the new home-rule proposals that the British government is expected to present to Northern Ireland next month had not even been raised in the talks here.

By contrast, Mr. Haughey said yesterday that any constitutional solution "purely in a Northern Ireland context, without any other dimension to it, cannot succeed and will not succeed."

"It is only on some new level of relationship between Britain and Ireland that a long-term, lasting solution can be found. And unfortunately, I don't believe that we can succeed in stamping out terrorism and violence until there is some political progress."

"But we should not despair," Mr. Haughey continued. "I would see

the present political generation as having failed the people of Northern Ireland if we don't constantly try to bring forward some lasting solution. And I would hope that some new basis of cooperation between all the elements can be found, perhaps if we have closer political cooperation between Britain and Ireland."

As an example of the kind of disagreement that could be overcome by goodwill in a reunited Ireland, Mr. Haughey mentioned divorce,

which is not now allowed in his country, but is permitted in the North.

"I do not envisage any sort of majority for the introduction of divorce," he said. "However, I don't believe that that need be a stumbling block in promoting understanding and conciliation between ourselves and the Northern Ireland people. Only the Northern Ireland people can tell me what they desire, and what sort of a united Ireland they would want."

Amnesty Alleges Rights Violations In Zairian Camps

LONDON, May 22 (UPI) — Hundreds of political prisoners in jungle concentration camps in Zaire have died from starvation or torture or have been summarily executed, Amnesty International has charged.

In a pamphlet issued Tuesday, "Human Rights Violations in Zaire," the international human rights group said that large numbers of prisoners had died in prison from malnutrition and disease, but that mortality rates were reported to be highest in isolated detention camps.

It estimated that in recent years, out of an average prison population of 13,000, about 1,000 were political detainees.

The report recounted the testimony of former prisoners, who told of executions without trial, torture by burning and electric shock, mutilations and rat-infested cells where inmates died of stifling heat or hunger.

Amnesty said that the government of President Mobutu Sese Seko had denied that conditions were as bad as depicted and had said that torture was not practiced. The organization said that the government "has showed signs of trying to improve its human rights record" by punishing some officials for mistreatment of prisoners, but found "evidence that gross and flagrant violations continued to be committed in times of political crisis."

Dutch Detect Soviet Test

THE HAGUE, May 22 (Reuters) — The Dutch Meteorological Institute said it detected a Soviet underground nuclear test early today. The explosion occurred in the area of Semipalatinsk in Kazakhstan, it said.

A fiery orator and a shrewd politician, Mr. Belaunde often speaks of his belief that Peru's future lies in the strength of its ancient Inca heritage, a theme that evokes native pride and visions of the high civilization that ruled Peru when the Spanish arrived in the 16th century.

Scion







## BUSINESS NEWS BRIEFS

### Mercedes Foresees Production Record

ST. LOUIS, May 22 (Reuters) — Daimler-Benz expects turnover this year about 10 percent, with car production reaching a record 430,000 units, managing board chairman Gerhard Fritz said today. The group produced 422,160 cars, a 7.4 percent increase on 1979, he said. Fritz said the company is planning to invest about 10 billion marks in 1980, with investment abroad totaling around 300 million marks. He said the company's order book, he said, is so big that the workforce is assured of work until well into 1981, with production scheduled to expand. He also said the only way for German automakers to meet low-cost competition is by improving quality and technology.

### Lufthansa Plans Purchase of Boeing 747's

COLOGNE, May 22 (AP-DJ) — Lufthansa's supervisory board has an order of four Boeing 747 jumbo jet airplanes, Herbert Culmann, chairman of the management board of the West German airline company, said today. The order is valued at 555 million marks. Culmann also said that Lufthansa would take an option on two Boeing 747's. The four jets ordered would replace Boeing 707's that Lufthansa will gradually withdraw from its fleet of airliners. They are not as economical as the long-range Boeing 747 and DC-10 by Lufthansa on long-range flights. Culmann also disclosed that Lufthansa will outfit its fleet of 10 DC-10's with General Electric jet engines that consume about 6 percent less than current GE engines.

### Iran Resources Help Sohio in Algeria

PARIS, May 22 (AP-DJ) — Standard Oil of Ohio has acquired an interest in an Algerian oil exploration venture for an undisclosed sum, a move to broaden its crude reserves. The venture, known as Sonatrach, the Algerian state oil company, is a joint venture between Sohio and the Algerian state oil company. It is a move to broaden its crude reserves. The venture, known as Sonatrach, the Algerian state oil company, is a joint venture between Sohio and the Algerian state oil company. It is a move to broaden its crude reserves.

### Recalling 2,000 Cars in Britain

LONDON, May 22 (Reuters) — Toyota (GB) Ltd. is recalling about 2,000 cars in Britain that were built between December, 1979, and February, 1980, because of cracks that have appeared in the alternator pulley, company said in a statement. The recall is not dangerous but the pulley will be replaced whether or not signs of cracking, Toyota said. The cars affected are the Starlet, 1600 liftback and coupe, Carina, Celica except the 2000gt, Cressida, long wheelbase Hi-Ace van and four-wheel-drive Hi-Lux pickup.

### Expected To Move to CBS

NEW YORK, May 22 (NYT) — Thomas Hunt Wyman, vice chairman of CBS, is expected to be named president of CBS, top Pillsbury reported last night. Wyman, 50, would succeed John Backus, who was forced to resign in May 1979 after a dispute with William Paley, CBS's 79-year-old chairman and founder, over Mr. Backus's running of the \$1.5 billion entertainment and communications enterprise.

## S. Steelmen Foresee Long Recession

By Agis Salpukas

NEW YORK, May 22 (NYT) — U.S. steel executives have lowered their forecasts of output of steel products they will sell for the rest of the year, as they are preparing their bids to ride through a long recession.

They are digging in for a sustained low rate through the summer and fall, David Roderick, chairman of the United States Steel Corp., said in an interview yesterday and hundreds of other steel executives were here for the annual meeting of the American Iron and Steel Institute, the industry's trade group.

One of the most pessimistic forecasts presented by a major steel executive, Thomas Graham, president of Jones & Laughlin Steel Corp., said that industry output this year could drop as much as 20 percent from 1979 levels.

Graham said that he was preparing the company for the worst. The company has already cut its output of its eight blast furnaces by 10 percent.

He said he was on the side of the head of the nation's largest steel company added, "practical matter you have to be like you are entering the depression."

Although the meeting was a humor as they sought to ease the long the steel industry's orders that began in mid-winter.

John Backus, who will take over as chairman of the steel industry, was asked what he thought of the 1980 steel shipments would be.

He replied, laughing, "Pick a number from zero to 100."

Officially, Bethlehem yesterday became part of a growing number of companies that have cut their production of steel shipments. The company, which earlier forecast shipments of 90 to 93 million tons, said it now expected shipments to total 87 to 90 million tons. Shipments are the total tonnage of the various finished steel products, such as plate and sheet, that the industry sells each year.

Bethlehem, which has not yet reported its large-scale closings of blast furnaces to cope with the downturn, was more optimistic than other companies in the shipments numbers game.

Mr. Roderick said, however, that if orders stayed at current levels, the company would consider as early as next week whether it should shut some of its blast furnaces. The company has already closed one of its furnaces.

Mr. Roderick said that, based on an analysis made by U.S. Steel this week, the company is now in the process of cutting its steel operations to cope with a year in which he expects total industry shipments to be 84 million tons. His earlier estimate, he said, had been 90-million tons.

He said the company had shut five of its 16 operating blast furnaces, and that it might consider shutting a few more. He said, however, that the most severe cutbacks had been made.

The shutting of blast furnaces, which produce iron, is a delicate and risky operation and is taken only when executives believe the industry will be in a long and deep downturn.

Both Mr. Roderick and Mr. Graham used 1975, the last long downturn for the industry, as a point of comparison. Mr. Roderick said that orders then had dropped severely and then "stayed absolutely flat" for about 40 weeks. This time around, he predicted, that the industry's operating rate, which has been dropping rapidly and stood at 70 to 65 percent in the next three months and stay there through the rest of the year.

The main difference this year, he said, is that inventories are smaller than in 1975. Nevertheless, he said, if there is no recovery in the auto industry as there had been in late 1975, the steel industry could still face severe problems.

That his company planned to file anti-dumping complaints against the Japanese and several other countries. Today he included possible countervailing-duty actions. A finding against a country under either complaint could result in heavy duties.

When asked today during an interview what other countries might be charged in complaints, Mr. Roderick replied that they would be in the Far East, Europe and North America. Mr. Roderick then changed that statement to "the Americas." When asked whether "the Americas" meant South America, Central America and North America, Mr. Roderick said yes and added "and Canada." Mr. Roderick then repeated that remark.

Canada is the United States' largest trading partner and is the second-largest supplier of steel, mainly to the U.S. automobile industry and for construction, the embassy official said.

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## Russians Dangling New Trade Deals With East to Divide West

PARIS, May 22 (AP-DJ) — The Soviet Union has launched an intensive trade campaign as part of its "peace offensive" in West Europe.

By exploiting the high unemployment in Western Europe and the region's substantial dependence on East-West trade, the Soviet Union is tempting European industry to undercut President Carter's economic sanctions against the Soviet Union that were imposed after its military intervention in Afghanistan last December.

The Soviet Union, which reported a 30 percent increase in trade with Western Europe in 1979, is dangling "an enormous amount" of prospective new business before French, West German and Italian officials, a French government source asserted. U.S. business executives say that European competitors have seized on the U.S. decision to embargo a wide range of high technology products, particularly computers and semiconductors, as a chance to increase their sales.

By quickly initiating trade talks with other industrial countries, Mr. Pissar said, the Soviet Union has made clear that the disruption of trade is not only a prerogative of the United States. The Russians, contending that Americans are proving unreliable trading partners, thus are indicating that they can permanently curtail their flow of orders to U.S. business.

The effect on U.S. policies is shaping up as far more damaging than might have been imagined at the time the restrictions on high-technology sales were announced in January. The Soviet Union may well succeed in further dividing the Western alliance.

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## Brokerage Houses Assure Congress on Hunt Debts

By Jerry Knight

WASHINGTON, May 22 (WP) — The heads of five major brokerage firms testified yesterday that the Hunt brothers of Texas have either paid off their silver speculation losses or put up more than enough silver to settle their debts.

The assurance that the billionaire brothers are no longer in serious financial trouble came from top executives of ContiCommodity Services, E.F. Hutton, ACLI International, Commodore Services, Bache Halsey Stuart Shields and Merrill Lynch.

The five firms were asked the status of their Hunt debts by Rep. Ed Jones, D-Tenn., chairman of a subcommittee holding hearings on silver speculation.

The answer to Rep. Jones raised new questions about why the Hunt brothers need the controversial \$800 million loan they have negotiated from a group of banks with the approval of Federal Reserve Board chairman Paul Volcker.

Setting aside his own policy of discouraging loans for speculative purposes, Mr. Volcker acquiesced to the Hunt loan. Fed officials have indicated they feared that if the Hunts defaulted on their loans, banks and brokerage houses might get in financial trouble and the fallout would ripple through the whole economy.

## Big U.S. Banks Cut Prime Rate

NEW YORK, May 21 (UPI) — Big U.S. banks today responded to a cutback in borrowing by business and consumers and to the Federal Reserve's easier money message by dropping their prime lending rate a full point.

Chase Manhattan, third largest bank in the country, led the drop from 16 1/2 percent and was followed by the 15 1/2 percent level by Bankers Trust of New York and smaller banks throughout the country.

Analysts expect other banks to follow and there were signals the prime could drop to as low as 14 percent within a month.

The Fed this week lowered its target on the key federal funds rate that banks charge one another for loans of uncommitted funds to 9 1/2 percent, effectively making it cheaper for banks to obtain funds to lend.

There has been speculation the Fed will lower its discount rate to 12 percent from the record 13 percent it charges member banks for loans. But the easier money has in fact reduced the necessity for banks to turn to the Fed for funds.

Neither company revealed how much the Hunts owe them, but sources familiar with the loans say Merrill Lynch loaned the Hunts even more money than Bache, which at one point loaned the Hunts \$233 million.

All five brokerage house executives admitted that it is not common practice for them to lend money to customers.

But ACLI's parent company, ACLI International, did lend money to the Hunts to buy silver, and so did Merrill Lynch, and Mr. Spielman said "it would be unusual" for the broker to make such loans.

Committee members criticized Bache for lending money to the Hunts, who also owned more than 5 percent of the stock of the company. Securities and Exchange Commission member Irving Pollack said the SEC is investigating the relations between Bache and the Hunts.

U.S. Wages Less Than Europeans

WASHINGTON, May 22 (AP-DJ) — Workers in eight West European countries get higher wages than their U.S. counterparts, the Labor Department reported.

In a series of unpublished tables, the average hourly wage in U.S. factories is shown as \$8.33 in 1978. The United States ranked ninth among 29 countries.

In Luxembourg the pay was \$10.42, in Belgium \$9.58, in The Netherlands \$9.77, in Sweden \$9.65, in Switzerland \$9.60, in France \$9.48, in Norway \$9.31 and in Denmark \$8.75. However, the cost of living in these countries is higher than in the United States. In some industries, U.S. wages are still the highest. These include rubber, plastics, steel, automobiles and aircraft.

## Japan, Saudi Oil Deal

TOKYO, May 22 (Reuters) — A Japanese oil refining group led by Kyodo Oil has arranged a three-year contract to import 150,000 barrels a day of crude oil from Saudi Arabia, the newspaper Asahi Shimbun reported today.

## IEA Energy Chiefs Agree To Deep Cuts in Oil Use

From Agency Dispatches

PARIS, May 22 — Energy ministers from the Western oil consuming countries and Japan in a meeting at the International Energy Agency today agreed to slash the proportion of oil in total primary energy consumption to about 40 percent by 1990 from 52 percent at present.

The IEA conference also met to consider a new round of price increases by members of the Organization of Petroleum Exporting Countries and a sharply reduced forecast by the IEA for OPEC oil production up to 1985. Since the beginning of 1979, oil prices have risen by 130 percent.

It is estimated that the increases spurred by Saudi Arabia's aborted effort last week to restore price unity in OPEC will cost the cartel's customers an added \$20 billion a year. The annual cost to the world's oil consumers could be twice as much if the price increases spread outside OPEC, which accounts for nearly half the world's oil output.

Mexico, which is not a member of OPEC, has already raised its prices following last week's increase by Saudi Arabia of \$2 a barrel for its benchmark crude. Sources in New York said yesterday that British National Oil Co. is preparing to raise North Sea prices once Nigeria officially raises its prices.

The Petroleum Intelligence Weekly today reported that Nigeria has raised its crude oil prices by \$2 a barrel across the board. Nigeria's move brought to 11 the number of OPEC members that have announced price increases in the last week.

West German Economics Minister Otto Lambsdorff, who is chairing the IEA meeting, said that the latest price increases had induced "the danger of worldwide recession and monetary crisis."

As a result of the "massive rise" in oil prices, he said, all countries will have to transfer more of their gross national product to the oil producers.

This development has led to reduced economic activity, rising unemployment and increased inflationary trends," he said, adding that coordinated energy policies and the promotion of more efficient, less oil-dependent economies were key to restoring and maintaining worldwide economic equilibrium.

U.S. Energy Secretary Charles Duncan said the state of oil price hikes announced in the past few days do not have a "market justification." "We already find ourselves in a situation where the price of oil has advanced more than 150 percent in the past 16 months," he said at the end of the meeting.

The decision to cut consumption, observers at the meeting said, is close to that adopted by the European Economic Community earlier this month, which calls for the oil share to be reduced to 40 percent within the community from 53 percent at present.

Participants agreed that the results achieved by IEA countries as a group for net oil imports in 1985 should "substantially understate" the existing objective of 26.2 million barrels a day, to reflect both the potential for savings and oil production probabilities.

They concluded, however, that the present 1980 oil import ceilings established last December do not require adjustment and that ceilings for 1981 do not now appear necessary.

The ministers also agreed to set up a new emergency mechanism to deal at short notice with unexpected disruptions in the oil market. The emergency meetings by the energy ministers would allow the consumer countries to take any short-term action needed to restrain demand in order to prevent damaging competition for limited oil supplies.

A number of yardsticks and ceilings were agreed upon to measure progress in achieving structural change and medium-term goals, including annual estimates of individual countries' oil requirements, derived from consumption, stock change and domestic production.

EEC Energy Commissioner Guido Brunner told the IEA conference that consumer countries must adopt more precise energy saving policies in response to OPEC's price increases.

He said the oil consuming countries should try to reach agreement with some of the biggest producers about future production rates.

Mr. Brunner called on world leaders participating in next month's summit in Venice to give top priority to a "coordinated attitude" towards a political solution of the oil crisis.

(Continued on Page 9)

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## Japan, Saudi Oil Deal

TOKYO, May 22 (Reuters) — A Japanese oil refining group led by Kyodo Oil has arranged a three-year contract to import 150,000 barrels a day of crude oil from Saudi Arabia, the newspaper Asahi Shimbun reported today.

## IEA Energy Chiefs Agree To Deep Cuts in Oil Use

From Agency Dispatches

PARIS, May 22 — Energy ministers from the Western oil consuming countries and Japan in a meeting at the International Energy Agency today agreed to slash the proportion of oil in total primary energy consumption to about 40 percent by 1990 from 52 percent at present.

The IEA conference also met to consider a new round of price increases by members of the Organization of Petroleum Exporting Countries and a sharply reduced forecast by the IEA for OPEC oil production up to 1985. Since the beginning of 1979, oil prices have risen by 130 percent.

It is estimated that the increases spurred by Saudi Arabia's aborted effort last week to restore price unity in OPEC will cost the cartel's customers an added \$20 billion a year. The annual cost to the world's oil consumers could be twice as much if the price increases spread outside OPEC, which accounts for nearly half the world's oil output.

Mexico, which is not a member of OPEC, has already raised its prices following last week's increase by Saudi Arabia of \$2 a barrel for its benchmark crude. Sources in New York said yesterday that British National Oil Co. is preparing to raise North Sea prices once Nigeria officially raises its prices.

The Petroleum Intelligence Weekly today reported that Nigeria has raised its crude oil prices by \$2 a barrel across the board. Nigeria's move brought to 11 the number of OPEC members that have announced price increases in the last week.

West German Economics Minister Otto Lambsdorff, who is chairing the IEA meeting, said that the latest price increases had induced "the danger of worldwide recession and monetary crisis."

As a result of the "massive rise" in oil prices, he said, all countries will have to transfer more of their gross national product to the oil producers.

This development has led to reduced economic activity, rising unemployment and increased inflationary trends," he said, adding that coordinated energy policies and the promotion of more efficient, less oil-dependent economies were key to restoring and maintaining worldwide economic equilibrium.

U.S. Energy Secretary Charles Duncan said the state of oil price hikes announced in the past few days do not have a "market justification." "We already find ourselves in a situation where the price of oil has advanced more than 150 percent in the past 16 months," he said at the end of the meeting.

The decision to cut consumption, observers at the meeting said, is close to that adopted by the European Economic Community earlier this month, which calls for the oil share to be reduced to 40 percent within the community from 53 percent at present.

Participants agreed that the results achieved by IEA countries as a group for net oil imports in 1985 should "substantially understate" the existing objective of 26.2 million barrels a day, to reflect both the potential for savings and oil production probabilities.

They concluded, however, that the present 1980 oil import ceilings established last December do not require adjustment and that ceilings for 1981 do not now appear necessary.

The ministers also agreed to set up a new emergency mechanism to deal at short notice with unexpected disruptions in the oil market. The emergency meetings by the energy ministers would allow the consumer countries to take any short-term action needed to restrain demand in order to prevent damaging competition for limited oil supplies.

A number of yardsticks and ceilings were agreed upon to measure progress in achieving structural change and medium-term goals, including annual estimates of individual countries' oil requirements, derived from consumption, stock change and domestic production.

EEC Energy Commissioner Guido Brunner told the IEA conference that consumer countries must adopt more precise energy saving policies in response to OPEC's price increases.

He said the oil consuming countries should try to reach agreement with some of the biggest producers about future production rates.

Mr. Brunner called on world leaders participating in next month's summit in Venice to give top priority to a "coordinated attitude" towards a political solution of the oil crisis.

(Continued on Page 9)

WASHINGTON, May 22 (WP) — The heads of five major brokerage firms testified yesterday that the Hunt brothers of Texas have either paid off their silver speculation losses or put up more than enough silver to settle their debts.

The assurance that the billionaire brothers are no longer in serious financial trouble came from top executives of ContiCommodity Services, E.F. Hutton, ACLI International, Commodore Services, Bache Halsey Stuart Shields and Merrill Lynch.

The five firms were asked the status of their Hunt debts by Rep. Ed Jones, D-Tenn., chairman of a subcommittee holding hearings on silver speculation.

The answer to Rep. Jones raised new questions about why the Hunt brothers need the controversial \$800 million loan they have negotiated from a group of banks with the approval of Federal Reserve Board chairman Paul Volcker.

Setting aside his own policy of discouraging loans for speculative purposes, Mr. Volcker acquiesced to the Hunt loan. Fed officials have indicated they feared that if the Hunts defaulted on their loans, banks and brokerage houses might get in financial trouble and the fallout would ripple through the whole economy.

## Big U.S. Banks Cut Prime Rate

NEW YORK, May 21 (UPI) — Big U.S. banks today responded to a cutback in borrowing by business and consumers and to the Federal Reserve's easier money message by dropping their prime lending rate a full point.

Chase Manhattan, third largest bank in the country, led the drop from 16 1/2 percent and was followed by the 15 1/2 percent level by Bankers Trust of New York and smaller banks throughout the country.

Analysts expect other banks to follow and there were signals the prime could drop to as low as 14 percent within a month.

The Fed this week lowered its target on the key federal funds rate that banks charge one another for loans of uncommitted funds to 9 1/2 percent, effectively making it cheaper for banks to obtain funds to lend.

There has been speculation the Fed will lower its discount rate to 12 percent from the record 13 percent it charges member banks for loans. But the easier money has in fact reduced the necessity for banks to turn to the Fed for funds.

Neither company revealed how much the Hunts owe them, but sources familiar with the loans say Merrill Lynch loaned the Hunts even more money than Bache, which at one point loaned the Hunts \$233 million.

All five brokerage house executives admitted that it is not common practice for them to lend money to customers.

But ACLI's parent company, ACLI International, did lend money to the Hunts to buy silver, and so did Merrill Lynch, and Mr. Spielman said "it would be unusual" for the broker to make such loans.

Committee members criticized Bache for lending money to the Hunts, who also owned more than 5 percent of the stock of the company. Securities and Exchange Commission member Irving Pollack said the SEC is investigating the relations between Bache and the Hunts.

U.S. Wages Less Than Europeans

WASHINGTON, May 22 (AP-DJ) — Workers in eight West European countries get higher wages than their U.S. counterparts, the Labor Department reported.

In a series of unpublished tables, the average hourly wage in U.S. factories is shown as \$8.33 in 1978. The United States ranked ninth among 29 countries.

In Luxembourg the pay was \$10.42, in Belgium \$9.58, in The Netherlands \$9.77, in Sweden \$9.65, in Switzerland \$9.60, in France \$9.48, in Norway \$9.31 and in Denmark \$8.75. However, the cost of living in these countries is higher than in the United States. In some industries, U.S. wages are still the highest. These include rubber, plastics, steel, automobiles and aircraft.

## Japan, Saudi Oil Deal



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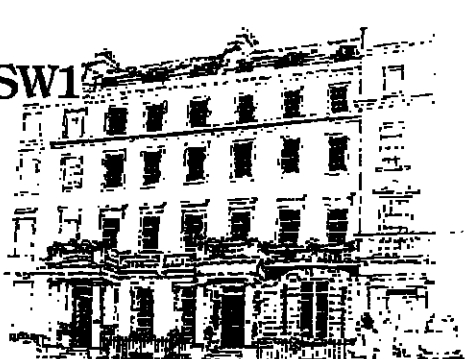
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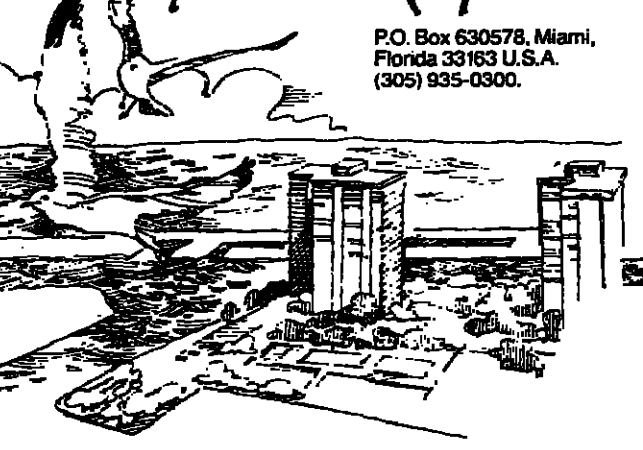
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## NYSE Nation-wide Trading Closing Prices May 22

Tables include the nationwide prices up to the closing on Wall Street.

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## Annual General Meeting of the BANCO HISPANO AMERICANO

(Held in Madrid on 13 April, 1980)

From the speech of the Chairman, Mr. Luis de Usua:

"Monetary policy in 1979 allowed Credit to reach levels more in accordance with the private sector's needs, and helped prepare the way for a recovery of investment."

"A system of free enterprise in a free market economy, as defined in the Constitution, cannot exist without a vigorous capital market. So it would seem reasonable to ask oneself, whether it would not prove possible to introduce rules designed to apply different taxation treatment to income that is spent and income saved, within the framework of Personal Income Tax."

"Our Bank is in a moment of plenitude, and it is my hope that the faith I have in its present and future, is shared by all those present here today, and by all the shareholders who make up this great reality of Spanish economic life, that is the Banco Hispano Americano."

Highlights from the Results (in millions of pesetas)

	1979	1978	Increase (%)
Gross Working profit	13,199	10,767	22.6
Provisions and adjustments	5,187	3,825	35.6
Profit before tax	8,012	6,942	15.4
Profit after tax	5,707	4,803	18.8
Dividends	2,725	2,448	11.3
Reserves and undistributed profit	2,982	2,355	26.6
Total provisions, adjustments and depreciation	11,165	6,417	74.0
For profits	5,187	3,825	35.6
For revaluation	4,545	2,157	111.3
For depreciation	1,433	1,135	26.3

From the speech of the Director and Chief General Manager, Mr. Alejandro Albert:

"Profits have increased considerably, due to a high level of activity that has made it possible to provide a return on capital, considerably strengthen reserves, and make substantial adjustments to the book value of financial assets."

"Once again, the international activities of the Bank have resulted in a considerable contribution to the Profit and Loss Account. This contribution is now over one quarter of total profits."

"By anticipating our customers' demand for services, the companies of the Banco Hispano Americano Group have complemented our financial activities with very positive results."

## Deposits:

For third consecutive year, total deposits increased by over 100,000 million pesetas (1979), reaching a total of 730,394 million pesetas. If the annual average deposits are used as a basis for calculation, the increase rises to 17%.

## Loans and discounts:

These grew to 606,003 million pesetas, an increase of 62,444 million (11.5%). This greater volume of finance provided rises to 119,000 million pesetas. It includes obligatory investments in Government Stock, finance for subsidiaries and the placing of loans, both Spanish and international.

## Securities Portfolio and Fixed Assets:

After depreciation, the book value of fixed assets amounted to 32,464 million pesetas, equivalent to 4.3% of total funds employed. The increase of 10,299 million pesetas includes 7,845 million due to the provisions of the 1979 Budget.

The Securities Portfolio (excluding Government Stock) stood at 22,028 million pesetas, equivalent to 2.9% of total funds employed.

## International:

An increase of 20.8% in foreign-currency deposits of customers, which cover 12.5% of the figure for foreign-currency loans and bills discounted.

Representative Offices have been opened in Moscow and Zürich, as a result of which we are present in 23 countries. Banco Hispano Americano is the first Spanish bank with an office in the U.S.S.R. and, likewise, the first to be granted permission to open a branch in Brazil.

## Organization and Automation:

The Plan of Administrative Centres has now been virtually completed, and, together with the Data Processing Centres, they have allowed most administrative tasks to be removed from the Branch offices, which are thus free to concentrate on their commercial functions. By now, 80% of branches are connected to the Teleprocessing Network.

## Expansion:

We have opened 92 offices in Spain, where the total now amounts to 1,230.

## Banco Hispano Americano Group:

We have transformed the Banco de Valls into a merchant bank, with the name of Banco Hispano Americano Industrial, which will be able to offer integrated finance to companies.

The Banco Mercantil de Tarazona is accentuating its vocation to serve small and medium-sized companies in Catalonia.

The Financial Group is being consolidated in all its activities.

## Personnel:

We wish to stress the professionalism of our Staff, and their contribution to the growth of our activities.

The proportion of executive staff has again increased.

Intensive support has been given to the formation of the Bank's employees.

## Dividends and net income per share:

The total dividend was 65 pesetas per share, equivalent to 1.3% of face value.

Net income per share was 1.36 pesetas, a rise of 8.84 pesetas over the 1978 figure.

12 Month Stock High Low Div. in % Yld. P/E 100s. High Low Quot. Close	12 Month Stock High Low Div. in % Yld. P/E 100s. High Low Quot. Close	12 Month Stock High Low Div. in % Yld. P/E 100s. High Low Quot. Close
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278 12 Moby 1.25 10.1 208 11 41 1 1	279 12 Moby 1.25 10.1 208 11 41 1 1	280 12 Moby 1.25 10.1 208 11 41 1 1
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326 12 Moby 1.25 10.1 208 11 41 1 1	327 12 Moby 1.25 10.1 208 11 41 1 1	328 12 Moby 1.25 10.1 208 11 41 1 1
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374 12 Moby 1.25 10.1 208 11 41 1 1	375 12 Moby 1.25 10.1 208 11 41 1 1	376 12 Moby 1.25 10.1 208 11 41 1 1
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392 12 Moby 1.25 10.1 208 11 41 1 1	393 12 Moby 1.25 10.1 208 11 41 1 1	394 12 Moby 1.25 10.1 208 11 41 1 1
395 12 Moby 1.25 10.1 208 11 41 1 1	396 12 Moby 1.25 10.1 208 11 41 1 1	397 12 Moby 1.25 10.1 208 11 41 1 1
398 12 Moby 1.25 10.1 208 11 41 1 1	399 12 Moby 1.25 10.1 208 11 41 1 1	400 12 Moby 1.25 10.1 208 11 41 1 1

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LA NACION**Financial agent  
of the Government  
of Peru

مكتبة الأمل

## COMPARATIVE BALANCE SHEET 1979 - 1978 - 1977

(in \$ Thousands)

	1979			1978			1977		
	N/C*	F/C**	Total	N/C*	F/C**	Total	N/C*	F/C**	Total
<b>ASSETS</b>									
Cash and due from Banks		688'192	435'382	1,123'574		39'453	57'451	96'904	486'689
Loans	1,068'041			770'210		760'582			480'605
( - ) Provision for Bad Debts	(40'212)	1,027'829	247'893	1,275'722		545'406			105'277
Investments	117'327			110'212		110'022			105'192
( - ) Prov. for Security Fluctuations	3'070	114'257	18'894	133'151		4'807			1'703
Gross Fix Assets	9'775			3'156		1'580			1'964
( - ) Depreciation	1'724	8'051	8'051	(1'576)		9'132			356
Net Fix Assets		223'771	72'774	296'545		77'361			81'821
Other Assets						988'998			597'166
Sub total		2,062'100	774'943	2,837'043		616'896			378'970
Contingent Assets		1'018	540'236	541'254		1,127'248			768'566
<b>TOTAL</b>		2,063'118	1,315'179	3,378'297		1,744'144			1,147'536
						2,733'470			1,844'851
<b>LIABILITIES</b>									
Demand deposits		1,111'836	56'554	1,218'390		327'591			192'935
Time deposits		262'007	409'001	671'008		237'905			223'154
Indebtedness from Banks and Agents		496'318	132'154	628'472		350'923			281'374
Savings Accounts		272		272		179			58
Other Liabilities	94'291			44'506		44'480			46'751
( - ) Advance Compensations	( 23)	94'268	177'169	271'437		34'321			46'728
Capital and Reserves		17'550	65	17'615		15'530			11'469
Revaluation Surplus		1'147		1'147		92			34
Undivided profits		12'292		12'292		1'371			
Fiscal Year Net Profit		16'410		16'410		10'927			4'414
Sub total		2,062'100	774'943	2,837'043		988'998			697'166
Contingent Liabilities		1'018	540'236	541'254		328			149
<b>TOTAL</b>		2,063'118	1,315'179	3,378'297		989'326			697'315
						1,744			1,147'536
						2,733'470			1,844'851

1 US\$ = S/. 230.00 - \*National Currency - \*\* Foreign Currency

Banco de la Nación has a status of juridical person of public right with its capital totally contributed by the State. Due to this particular condition it differs from other banks, but as far as its structure, types of operations and the possibility of being inspected by the "Superintendencia de Banca y Seguros" it is similar to private commercial banks.

On the other hand, the major volume of transactions is undertaken with the public sector, specially those related to the handling of the Peruvian treasury accounts; the collection of taxes and fiscal revenues; the payment of the foreign external debt; the importation of food stuffs and armament acquisition. These activities—as can be noted—can not be entrusted to ordinary banks.

Banco de la Nación has expanded its operation in a parallel manner to the considerable development of the public sector. For instance, the resources of Banco de la Nación exceed by 20% that of all commercial banks combined. This favours the international position of the Bank with regard to trade transactions and the procurement of credit facilities.

The year 1979 is to be regarded as a successful one for Banco de la Nación, because of the refinancing of U.S. \$388'6 Petro Perú's short term debt. The Chairman of the Board and Executive President, Doctor Alvaro Meneses Díaz, has contributed decisively to the success of the negotiations.

As a consequence of this refinancing total obligations in foreign debt have been reduced but, on the other hand, Banco de la Nación has increased considerably its loans in local currency with public enterprises such as Petroleos del Perú and EPSA and central government agencies. Likewise obligations of Banco de la Nación with banks and correspondents abroad have declined, but it was not necessary to recover formal external credit lines in order to finance commercial trade.

Shortly after foreign commercial operations declined in 1978, as a result of the transfer to commercial banks of a considerable volume of public sector operations, Banco de la Nación stands again in a competitive position within the banking community and is regaining former clients, thus improving its total operations.

As a definite example of favorable results obtained, the indexes of liquidity and income of Banco de la Nación have increased considerably. The level of income passed from 5.2 to 8.1% and Profits from 0.4 to 0.6%.

Finally, in comparison to 1978, Banco de la Nación during 1979 expanded its operations from U.S \$2,733', to U.S \$3,378', which denotes its remarkable output.

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REASEGURADORA PERUANA S.A. Capital 200'000,000.00

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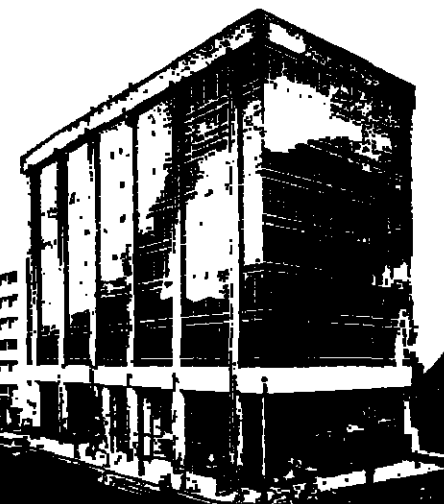
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Sales figures are unofficial. **a**—Newly low, **b**—New Year's low, **c**—Unusually low, **d**—Less than otherwise noted, **e**—Not dividends listed in the foregoing table are annual disbursements based on the last quarterly or semi-annual declaration. Special or extra dividends or payments not designated as regular are identified in the following footnotes.

**f**—Also extra or extras. **g**—Annual rate plus stock dividend. **h**—Extra dividend. **i**—Declared or paid in preceding 12 months. **j**—Declared or paid after stock dividend or split-up. **k**—Paid this year, dividend omitted, deferred or no action taken at last dividend meeting. **l**—Deferred or paid this year, an accumulative issue with dividends in arrears. **m**—New issue. **n**—Declared or paid in preceding 12 months plus stock dividend. **o**—Paid in stock in preceding 12 months, estimated cash value as follows:

**p**— $\frac{\text{Dividend}}{\text{Share}}$ . **q**—Estimated cash value as follows:  
**r**—As dividend for 6 months. **s**—As dividend and sales in full.

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